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COPY NO. 309

OCI NO. 9753

25 September 1953

CURRENT INTELLIGENCE WEEKLY



DOCUMENT NO. 18
NO CHANGE IN CLASS. 11
DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 7-23-79
AUTH: 7-23-79
DATE: 7-23-79 REVIEWER: []

CENTRAL INTELLIGENCE AGENCY

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SUMMARY OF CONTENTS

THE SOVIET WORLD Page 3

NEGOTIATIONS FOR EVACUATING CHINESE NATIONALIST TROOPS
FROM BURMA COLLAPSE Page 5

The withdrawal of the Burmese delegation from the four-power committee on 17 September in Bangkok leaves little possibility for a negotiated evacuation of the Chinese Nationalist forces.

OUTLOOK FOR RESUMPTION OF FRENCH STRIKE ACTIVITY . . . Page 7

Unless Premier Laniel makes further concessions within the next few weeks to satisfy labor's grievances, he can expect an outburst of working-class discontent even more serious than that which occurred last month.

THE CHINA TRADE ISSUE IN US-JAPANESE RELATIONS Page 9

The prospective renegotiation of the US-Japanese understanding on export controls may result in increased Japanese exports to Communist China, but probably without satisfying popular expectations of greatly enlarged trade.

THE NEW BRAZILIAN LABOR MINISTER AND HIS PRO-COMMUNIST ALLIES Page 11

The recent efforts of Brazilian Labor Minister Joao Goulart to build a labor-based political machine have already served to strengthen Communist influence in organized labor and may in the long run make the opportunistic Goulart one of the major political forces in Brazil.

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THE SOVIET WORLD

While Soviet propaganda devoted some coverage to criticism of US foreign policy, particularly regarding the United Nations, Moscow appeared preoccupied this past week with domestic affairs and pronouncements on Soviet friendship for North Korea and Communist China.

The recently published report by First Secretary Khrushchev to the Party Central Committee included a note of caution to the peasants found neither in the agricultural decree of 7 September nor in Malenkov's 8 August speech to the Supreme Soviet. While discussing the importance of the previously announced increases in state delivery prices and reductions of compulsory delivery norms, Khrushchev warned that not only would there be no further increase in the prices paid to the farmers for potatoes and vegetables but also that the recent increases were transitory. Khrushchev also appeared to be advancing the classical but recently soft-pedaled theory that the collective farmer in time will find it unprofitable and unnecessary to own livestock individually despite the current program to increase such holdings.

In addition, Khrushchev described widespread and serious deficiencies in the political control of agriculture. As a remedy he suggested that 50,000 party members be permanently transferred from industrial centers to important positions in the villages.

The communique issued at the conclusion of the Soviet-North Korean negotiations in Moscow indicates the USSR's intention to retain control over North Korea's political and economic development. The Chinese ambassador was included in the negotiations, possibly to discuss the Korean political conference, to arrange for resumption of power transmission to Manchuria from the damaged Yalu River hydroelectric plants, and to keep Peiping advised on North Korean reconstruction.

In Prague, on 15 September Premier Siroky announced a new economic policy promising increased agricultural and consumer goods production and a reduction in investments for heavy industry during 1953. The new Czech program, however, like those recently announced in Bulgaria and Rumania, promises fewer concessions to the peasants and industrial workers than did the Hungarian policy described by Premier Nagy on 4 July. While subsequent decrees in Hungary modified the extent of the

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concessions, they also stressed the need to moderate the pace of socialization.

The Prague concessions appear designed to raise productivity by improving labor morale. Benefits offered to the peasants include the reduction or cancellation of agricultural debts, the lowering of crop collection quotas in some cases, and promises of government aid to raise agricultural production. Industrial workers are promised lower prices and more housing and consumer goods. However, the Satellite regimes in general continue to foster the agricultural collectives and to maintain the high industrial norms which contribute to labor unrest.

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NEGOTIATIONS FOR EVACUATING CHINESE NATIONALIST TROOPS FROM BURMA COLLAPSE

The withdrawal of the Burmese delegation from the four-power committee in Bangkok on 17 September leaves little possibility for a negotiated evacuation of the Chinese Nationalist forces in Burma. The diplomatic and military measures the Rangoon government will probably now adopt could weaken the country's internal security and its anti-Communist orientation.

Burmese impatience with Taipei's procrastination in reaching a settlement had been mounting ever since the Bangkok talks began four months ago. The withdrawal finally occurred after the Chinese rejected a Burmese demand that 5,000 troops be evacuated within 35 days of the signing of the evacuation plan and the rest within three months.

Immediately following the Burmese departure, the Nationalists announced their intention of signing the committee's evacuation plan and estimated that a maximum of 2,000 troops would be evacuated. The Burmese, however, are unlikely to resume negotiations on the basis of this announcement. They regard it as nothing but a maneuver to place on them the blame for the conference's failure.

The Burmese belief that the Nationalists have been insincere in their professed desire to cooperate in the evacuation effort appears to have considerable justification. The American representative on the four-power committee reported that, in contrast to the Burmese, the Nationalists' cooperation and staff work had been dilatory throughout the negotiations. He attributed the breakdown to Taipei's inability or unwillingness to control General Li Mi and his associates. Throughout the negotiations there were reports of continued air supply from Formosa to the Nationalist force.

Out of exasperation and under pressure from left-wing elements, both in and out of the government, Burma is planning to take the strongest possible measures against the Nationalists. Authoritative sources in Rangoon indicate that

in reviving its complaint at the General Assembly, Burma will abandon its policy of moderation and demand that Formosa be condemned for aggression and expelled from the United Nations. The Burmese anticipate considerable support for such a position.

There is evidence that Burma is contemplating more drastic alternatives should its UN appeal prove ineffective. On 16 September, a highly influential cabinet minister told the American ambassador in Rangoon that his government and people were rapidly losing faith in the UN's ability to protect small countries, and that a withdrawal from the UN had been seriously considered. Despite this statement, such a step appears unlikely and would certainly not be taken before the issue is debated in the General Assembly.

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Burmese officials have publicly denied that the government will seek foreign assistance outside the UN in dealing with the Nationalists, but several important leaders have seriously considered an approach to the Chinese Communists for military aid. Burma has maintained cordial relations with Peiping, and the latter's "correct" attitude on the Nationalist problem may lead the Burmese to conclude that the final elimination of the Nationalists is worth the risks involved in seeking Peiping's aid.

The Communists in Burma may be expected to redouble their efforts to exploit the Nationalist issue.

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OUTLOOK FOR RESUMPTION OF FRENCH STRIKE ACTIVITY

Developments within the French labor movement since the August strikes, which strengthened Communist influence, indicate continued dissatisfaction with the government's measures to satisfy labor's grievances. Unless Premier Laniel makes further concessions within the next few weeks, he can expect an outburst of working-class discontent even more serious than that which occurred last month.

The strikes, which were more widespread than any since 1936, were inconclusive for labor. The working class is determined to obtain a wage boost, and non-Communist union leaders insist that the current lull is no more than an armistice. Spokesmen for the Socialist-oriented Force Ouvriere have already termed inadequate the wage increase announced on 17 September for the lowest paid government employees, and all labor leaders will probably intensify this criticism before the meeting later this month of the Collective Agreements Commission, the permanent board of labor, management, and government representatives charged with deciding pay issues.

The workers have long been skeptical of government programs to boost real wages by lowering prices. This expedient has failed repeatedly, and under Pinay did little beyond stabilizing prices at a level low enough to avoid automatic wage raises under the 1952 law establishing a sliding-wage scale. Even before this law was passed, the commission was unable to agree on increasing wages and its reconconvocation now on labor's demand is unlikely to result in more than a token rise.

Fundamentally, labor doubts that the Laniel government is strong enough to distribute equitably the sacrifices required to revitalize the French economy. While the government's current steps toward tax reform and a vigorous prosecution of tax evaders may demonstrate its sincerity, neither these steps nor the projected new impetus in housing construction offers the workers any immediate satisfaction.

If labor again resorts to a massive strike effort in October, it is probable that the Communist-dominated General Confederation of Labor (CGT) will be able to exert greater control through its unity-of-action program than it has in the past. While the August strikes began as a spontaneous labor move and the non-Communist unions were the first to take

control, the Communist-inspired unity-of-action committees were dominant in the final days. The CGT carefully avoided violence and political slogans. Withdrawal of its general strike call enabled the CGT to appear to have placed the workers' economic interests above Communist political objectives, even though the true reason may have been that the rank and file had started to return to work.

A renewal of the same Communist strategy in another strike movement this fall would probably force non-Communist labor leaders to take an aggressive stand in self-defense, and thus promote solidarity among the workers. The Communists could then bring into play their militants in the mining and metallurgy industries, and the mass of nonunionized labor would probably come under the influence of CGT directives.

Widespread strikes in the early weeks of the new session of the National Assembly would seriously undermine Laniel's economy program. While this would give a strong impetus toward a leftist government maintained in power by Communist parliamentary votes, the American embassy in Paris believes it is more likely that a left-center coalition will be formed if Laniel falls. Such a government would almost certainly be disposed to make budget cuts requiring a major curtailment of France's NATO contribution.

THE CHINA TRADE ISSUE IN US-JAPANESE RELATIONS

A threat to existing relations has been posed by widespread Japanese resentment over a policy, supposedly dictated by the United States, whereby Japan's security controls on exports to Communist China are stricter than those of its European competitors. The recent American agreement to negotiate a relaxation of the bilateral understanding on export controls will temporarily mollify the Japanese. The resulting increase in exports to China is not likely, however, to satisfy popular expectations or recognized needs for foreign markets.

Japanese politicians are under great pressure to change the policy by which the Japanese agreed to security controls on exports to Communist China more severe than those multilaterally agreed to in the Coordinating Committee on Export Controls (COCOM). Japan's need to expand its normal merchandise exports, to decrease its reliance on dollar sources of imports, and to rebuild depleted sterling reserves adds force to the government's appeal to the United States for a relaxation of the agreement.

More significant, however, are prospective diplomatic moves. Recent reports indicate that in contrast to a previous policy of refusing such requests, a Japanese trade delegation sponsored by a large group of Diet members will be granted passports to visit China. As previous policy was based on the absence of diplomatic relations, this change could pre-empt de facto recognition of the Communist regime by Japan. Once this impasse is broken, the exchange of official trade delegations, negotiations for settlement of commercial disputes, and discussions on the safety of vessels engaged in this trade might follow.

If Japan reduces its controls on exports to China to the scale agreed in COCOM, the American embassy expects such exports to increase from an estimated 1953 level of \$6,000,000 - \$8,000,000 to between \$25,000,000 and \$50,000,000. The Japanese government, however, believes that the figure will reach \$150,000,000 annually, and optimistic trade promoters are quoting as high as \$250,000,000. The embassy figures are probably more realistic, since Communist China has shown no intention of changing its position that coal and iron ore, the items most desired by Japan, will be forthcoming in volume only in return for such restricted items as metals and heavy machinery and equipment.

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With Japan's normal merchandise trade deficit now running at an annual rate of over one billion dollars, the increased trade with Communist China could provide a significant but certainly not an adequate offset. Thus, it can be expected that further steps toward increased trade with the China mainland will be taken. Japan has already modified its regulations which impeded these exports and imports.

Another straw in the wind was Japan's reluctance in COCOM to agree to the embargo of thin galvanized iron sheets even though the United States had succeeded in getting others to acquiesce. As most of the Japanese goods which might attract a large volume of Chinese iron ore and coking coal will probably remain under COCOM restrictions even after revision of the bilateral agreement, Japan will probably add its voice to those seeking reduced controls on East-West trade.

So long as Japan is unable to establish its export trade on a scale sufficient to make it self-sustaining, and so long as the United States maintains its policy of security restrictions on East-West trade, the China trade issue is likely to remain a major source of anti-Americanism in Japan and to plague US-Japanese relations.

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THE NEW BRAZILIAN LABOR MINISTER AND HIS PRO-COMMUNIST ALLIES

The recent efforts of Brazilian labor minister Joao Goulart to build a political machine based on the unions have already strengthened Communist influence in organized labor and may in the long run make the opportunistic Goulart one of the major political forces in Brazil.

A protege of 70-year-old President Vargas, Goulart was appointed in June to head the politically strategic Labor Ministry and has since made appreciable progress in his efforts to build up the Brazilian Workers Party with an eye to the 1954 congressional elections and the 1955 presidential campaign. Organized labor, constituting 10 percent of the total labor force and numbering about 1,700,000, has in the past always been government-controlled and politically inactive. During the past year, however, it has gained increased independence in the choice of its own officials and now seems on the verge of becoming an important political force whose support Goulart is attempting to gain for the Workers Party.

In large measure because of the efforts of the former labor minister, Jose Vianna, Communist influence in labor circles has hitherto been proportionately much less than in the country generally. The Brazilian Communist Party, although illegal, is one of the wealthiest in Latin America. It regularly publishes at least 25 periodicals, and has had at least moderate success in infiltrating the federal and local bureaucracies. The Communists are therefore capable of assisting Goulart in his effort to create a strong central labor confederation, and he apparently has already turned to them for help in several instances. Last month he appointed three Communist sympathizers to key positions connected with the Labor Ministry.

Goulart's own political orientation is by no means clear, but his record to date demonstrates that he is extremely ambitious and generally unscrupulous in his choice of political alliances. Rich and energetic, he entered national politics as a member of the federal legislature in 1950 at the age of 32, but soon transferred his main attentions to the Brazilian Workers Party, Vargas' personal vehicle, and rose rapidly in its hierarchy. In June 1952 he became its national president on Vargas' personal recommendation.

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As president, Goulart continued the party's traditional emphasis on mass labor support, and made a special effort to gain control of the trade unions. For this purpose he backed dissident elements of all sorts, including Communists and anti-American trade unionists who favor Peron's Latin American labor confederation, in attacks on established union leaders. As labor minister, he apparently hopes to use the same tactics and allies to build a politically valuable general labor confederation.

In his first three months in office Goulart has already scored some successes. His establishment for the first time of effective mediation machinery has averted strikes in key industries and public services. He has also won many friends among the leadership of various local unions, and his demagogic leftist appeal is attracting significant rank and file support. His close connection with Vargas has thus far been a major asset to him, although this advantage may be somewhat lessened by the president's fluctuating physical and mental condition, which on occasion leaves him virtually incapacitated.

On the other hand, Goulart's program has also met with a number of setbacks. His publicly avowed plan to replace all key personnel in his ministry within 24 hours of taking office was frustrated by the complexity of labor legislation. He succeeded in ousting the head of the National Maritime Federation, who was apparently opposed within the federation primarily by Communists and leftist members of Goulart's political party, but has been unable as yet to install his own candidate.

From 4 to 8 August he staged a First National Congress for Social Security at which Communists and Workers' Party delegates were predominant, but only 454 union groups out of 1,687 sent delegates. The demagogic speeches of Communist labor leaders at the opening session aroused such a storm of public protest, moreover, that Goulart's own speeches were apparently drastically toned down. It is also possible that the public opposition caused abandonment of a reported plan to use the congress to launch his national labor federation.

Nevertheless, Goulart is expected to be at least partially successful in gaining victories for his proteges in some of the labor federations. This possibility is strengthened by indications that police surveillance of Communists in the unions has been abandoned. Although Goulart will probably not succeed in making the movement an important influence on the 1954 congressional elections, he has good long-term prospects of controlling one of the rising political forces in Brazil. He is presumably not unmindful of the fact that Peron in Argentina has made organized labor the chief bulwark of his power.